2010
Interim Report

ALPIQ

Contents

Dear Shareholder,

In the face of a challenging environment, Alpiq Holding Ltd. delivered a satisfactory performance in the first half of 2010. While our consolidated revenue was slightly lower than a year ago at CHF 7.041 billion, our consolidated EBITDA increased by 1.8 % year on year to CHF 735 million. Group profit for the period came in at CHF 293 million, down by CHF 34 million or 10.4 % from the same period in 2009. Against the current backdrop, it will be very difficult to deliver full year 2010 results that match the 2009 levels.

As energy security in Switzerland depends not only on generating plant but also on high-capacity transmission lines, we are delighted that the Federal Government has approved the plans to build a new Chamoson–Chippis high-voltage line. We have recommissioned Switzerland's most efficient generation facility of its kind, the Bieudron hydroelectric power station in the Cleuson-Dixence complex. And for the Nant de Drance pumped storage power station under construction, Alpiq is considering an increase in capacity from the planned 600 MW to 900 MW.

Work has also continued apace to install the railway infrastructure in the Gotthard Base Tunnel. Led by Alpiq, the Transtec Gotthard consortium will start laying the trackwork from the southern portal in October. Another highlight is the acquisition of one of two 400 MW units at the Plana del Vent gas-fired combined cycle power station in Spain.

Alpiq Holding Ltd. has seen a change in its shareholder base since Milan-based A2A S.p.A. sold its 5.16 % interest to various private investors. Seeking to achieve a sustainable improvement in EBIT by the end of 2012, Alpiq has launched a programme to reduce costs and enhance efficiency. Having hosted this year's Annual General Meeting of shareholders in Lausanne for the first time, we look forward to welcoming you to the next AGM in Olten on 28 April 2011.

Hans E. Schweickardt
Chairman

Giovanni Leonardi
Chief Executive Officer

Neuchâtel, 30 July 2010

2010 Interim Financial Highlights

Alpiq Group	% Change Half-year 2009 – 2010 (based on CHF)	Half-year H1 2009 CHF million	Half-year H1 2010 CHF million	Half-year H1 2009 EUR million	Half-year H1 2010 EUR million
Energy sales (TWh)	13.3	62.200	70.452	62.200	70.452
Net revenue	– 0.8	7,096	7,041	4,712	4,900
Energy	– 0.9	6,155	6,101	4,087	4,246
Energy Services	– 0.2	967	965	642	672
Profit before interest, tax, depreciation and amortisation (EBITDA)	1.8	722	735	479	511
As % of net revenue		10.2	10.4	10.2	10.4
Depreciation and amortisation	– 16.6	– 217	– 253	– 144	– 176
Profit before interest and tax (EBIT)	– 4.6	505	482	335	335
Group profit for the period	– 10.4	327	293	217	204
As % of net revenue		4.6	4.2	4.6	4.2
Total equity	– 0.7	7,663	7,610	5,018	5,730
As % of total assets		39.1	40.9	39.1	40.9
Employees [1]	2.9	10,551	10,860	10,551	10,860

1 Average number of full-time equivalents.

Per share data	% Change Half-year 2009 – 2010	Half-year H1 2009 CHF	Half-year H1 2010 CHF
Par value	–	10	10
Share price at 30 June	– 14.5	440	376
High	– 19.0	559	453
Low	11.6	328	366
Net profit	– 8.3	12	11

Financial summary 2005 – 2010 on page 26.

Management Report

Acquisitions and disposals

During the reporting period and prior year period, the Group made the following acquisitions and disposals which impacted revenue and profit performance in a year-on-year comparison:

Acquisitions	Ownership interest	Consolidated since	
Energie Ouest Suisse (EOS) SA, Lausanne / CH	100.0 %	28 Jan 2009	Energy Switzerland
Avenis SA, Lausanne / CH	100.0 %	28 Jan 2009	Energy Switzerland
EOS Trading SA, Lausanne / CH	100.0 %	28 Jan 2009	Energy Switzerland
Electricité d'Emosson SA, Martigny / CH	50.0 %	28 Jan 2009	Energy Switzerland
Cleuson-Dixence Construction SA, Sion / CH	31.8 %	28 Jan 2009	Energy Switzerland
Hydro Exploitation SA, Sion / CH	27.6 %	28 Jan 2009	Energy Switzerland
Cisel Informatique SA, Matran / CH	20.0 %	28 Jan 2009	Energy Switzerland
Hydrelec AG, Untersiggenthal / CH	100.0 %	24 Jun 2009	Energy Switzerland
Alpiq RomEnergie S.R.L., Bucharest / RO	100.0 %	1 Jul 2009	Energy Central Europe
Hispaelec Energia S.A.U., Madrid / ES	100.0 %	28 Dec 2009	Energy Western Europe
Rossetto Impianti S.p.A., Verona / IT	100.0 %	28 Mar 2009	Energy Services
aurax electro ag, Ilanz / CH	100.0 %	1 Apr 2010	Energy Services

Disposals	Ownership interest	De-consolidated on	
Total Energi ASA, Florø / NO	100.0 %	6 Jan 2010	Energy Western Europe

Further disclosures relating to the acquisition and disposal of subsidiaries are set out in notes 3 and 4 on pages 23 and 24.

In the first half of 2010, the Group sold a 15 % interest in Ernen-based Gommerkraftwerke AG (Forces Motrices de Conches S.A.). The company is equity accounted for by the Group as a joint venture.

Preliminary notes

This is the first interim report showing the Alpiq Group's results for a full first half-year since it was established at the end of January 2009. When making comparisons with the same period last year, it should be borne in mind that the contributions of the former EOS and Emosson operations to revenue and profit were only included in the 2009 interim financial statements for the five-month period from February to June. Likewise, the revenue and profit of Alpiq RomEnergie S.R.L. and Hispaelec Energia S.A.U., both acquired in the second half of 2009, were not included in the year-ago period.

Alpiq Group results of operations

Although the general economic conditions stabilised overall during the first six months and, in some areas, recovered slightly from the year-ago levels, they remain constrained. This largely applies to the European energy markets as well.

Alpiq posted satisfactory half-year results despite the challenging environment. Following a marked improvement in performance during the first quarter, the results weakened again in the second quarter. Both operating profits and net finance costs were additionally weighed down by the adverse movements in the euro and falling stock markets.

At the end of the first half of 2010, Alpiq's consolidated revenue was slightly lower than a year ago at CHF 7.041 billion (down 0.8 %). While the expansion of sales business in France, successful wholesale business in southern Central Europe and the marketing of electricity generated in Switzerland drove an increase in revenue, this growth was offset by lower prices, more limited opportunities in European trading and adverse foreign exchange movements. On a like-for-like basis, i.e. excluding the effects of currency translation and companies consolidated for the first time, Group revenue fell by 3.7 %.

Alpiq's results were impacted by a variety of factors in the first six months of the year. The main contributors to earnings growth in the Energy segment were the Swiss generation facilities, enhanced by the addition of the recommissioned Bieudron (Cleuson-Dixence) storage power station, as well as asset trading and optimisation business. Performance was also boosted by improved operating margins in Central European sales and wholesale business. At the same time, the results were weighed down by falling prices at the beginning of the year, the generally adverse market conditions in Italy and higher fuel costs incurred by the Central European power stations. Margins also came under considerable pressure due to the weakening euro, especially in cross-border optimisation of Swiss power generation in Europe. Furthermore, the stock market movements in June led to hefty fair value losses on the nuclear waste disposal funds of the Gösgen and Leibstadt nuclear power stations.

As expected, the Energy Services segment generated lower profits than in the same period last year. This was primarily due to delays in project execution caused by weather conditions, projects deferred or suspended by customers and the heightened competitive and pricing pressure.

Consolidated EBITDA grew by 1.8 % from the year-ago level to CHF 735 million, with the EBITDA margin stabilising at 10.4 % (first half of 2009: 10.2 %; full year 2009: 10.4 %). However, higher depreciation and amortisation reduced EBIT by 4.6 % to CHF 482 million. In the first half of 2009, the depreciation and amortisation of the EOS and Emosson assets acquired in the business combination had covered only the months of February to June.

Net finance costs rose by a total of CHF 36 million or 59 % from the same period last year due to the dramatic weakening of the euro and higher debt. Adverse changes in exchange rates accounted for CHF 34 million of this increase.

After tax expense, which decreased slightly as a percentage of profits, consolidated Group profit for the period came in at CHF 293 million, down by CHF 34 million or 10.4 % from the comparative year-ago figure. Excluding the impact of acquisitions and disposals and in local currencies, this represents a decline of 17.8 %.

Group financial position

Total assets declined by 7 % in the first half of 2010 to CHF 18.6 billion. In particular, this reflected decreases in operating receivables and payables, fair values of energy derivatives traded and liquid assets, which were down after reducing liabilities. Non-current assets fell by approximately CHF 410 million to CHF 13.9 billion. While capital expenditure of approximately CHF 280 million increased the asset portfolio, the items in the statement of financial position were considerably reduced by depreciation and amortisation as well as currency translation losses.

Alpiq's financial position remains stable with an equity ratio of 40.9 % (31 December 2009: 39.5 %). Although equity was reduced by exchange differences of CHF 394 million recognised in equity and cash outflows of CHF 242 million for dividends, the ratio was positively impacted by the above-mentioned decrease in total assets and the profit generated for the period.

Net debt was approximately CHF 345 million higher than at 31 December 2009, slightly increasing the ratio of net debt to EBITDA to 2.6 times (31 December 2009: 2.4 times).

Energy segment

Market conditions

The stabilisation and partial recovery of the economic conditions in Europe were slow to impact demand for electricity in the first half of the year. Electricity consumption in most countries is still far from the 2008 level. During the first six months of the year, this translated into excess supply capacities and put pressure on electricity prices. As the cool weather and dry period in spring 2010 were not sufficient to counteract this trend, electricity prices remained below the year-ago level.

Fuel prices are driven by global demand. With the much higher growth rates experienced by developing and emerging countries, particularly in Asia (China), fuel prices worldwide rose substantially.

Faced with the combination of excess capacities and low electricity prices, on the one hand, and significantly higher fuel costs, on the other, thermal power stations (in particular gas-fired facilities) saw their profit margins dwindle considerably. We believe that a material change in this trend is unlikely to occur over the months ahead.

Another factor is the low EUR/CHF exchange rate, which is additionally eroding margins in business from Switzerland to Europe.

In summary, we do not expect to see a sustainable and notable improvement in the general environment and conditions for the energy industry in the next few months.

Results of operations

In the first six months of 2010, the Energy segment generated consolidated revenue of CHF 6.101 billion, matching the year-ago level (2009: CHF 6.155 billion). During the same period, the sales volume reached 70.452 TWh (up 13.3 %). EBITDA grew by CHF 12 million or 1.7 % from the comparative figure for the first half of 2009 to CHF 731 million, mainly driven by the Swiss generation facilities and the successful asset trading and optimisation businesses. The profit contributions from Central European sales and trading operations were also higher than in the same period last year. At the same time, profits were reduced by the lower market prices for electricity across Europe and, in particular, the narrower spark spreads and drop in earnings from balancing energy in Italy. This was compounded by the adverse impact of the significantly weaker euro against the Swiss franc and the low volatility in market prices during the second quarter. Furthermore, the falling stock markets meant that an exceptionally high investment loss on the nuclear waste disposal funds had to be charged to Swiss power generation purchase costs in June.

Performance of the divisions

In the first half of 2010, the Energy Switzerland division benefited from positive synergies from combining the Swiss operations of former Atel and former EOS at the end of January 2009. Despite the general economic climate and adverse regulatory factors, its results were slightly higher than a year ago, buoyed by the supply contracts entered into in previous periods as well as lower costs of ancillary services.

With the Bieudron storage power station (923 MW) brought back into operation in January 2010, the output of Alpiq's Swiss generation portfolio reached 3,619 MW. This represents about 20% of Switzerland's total installed capacity. The Gösgen and Leibstadt nuclear power stations operated without disruptions. Earnings from power generation benefited from the good availability of all the power stations and the high proportion of flexible capacities.

The two transmission network companies, Alpiq Grid Ltd. Gösgen and Alpiq Grid Ltd Lausanne, posted results in line with expectations. Their performance was adversely affected by regulatory intervention from the Swiss Federal Electricity Commission, ElCom. Preparations to transfer ownership of the transmission systems to the national grid company, swissgrid ltd, continued apace.

The Energy Western Europe division achieved slight volume growth compared with the same period last year. Sales increased substantially, especially in France and Spain, driven by further expansion of sales business with industrial end-users. Nevertheless, the division's operating profit was down on a year ago.

Suffering from continued weakness in the local economy and excess power generation capacity, Market Italy experienced a marked decline in revenue and profit for the first six months of the year. Plummeting electricity prices and low spark spreads prevented the thermal generation facilities (in particular gas-fired power stations) from operating profitably. As a result, the sales volume was also down on the same period last year. In addition, the results were adversely affected by the sharp drop in earnings from ancillary services and reduced earnings from green certificates. These negative effects were partially offset by profitable business with end-users.

Market Europe West posted a significant upturn in sales volume, having expanded its industrial end-user business in both France and Spain. While this volume growth also brought an increase in operating profit in France, changes in the markets and processes in Spain dampened earnings.

After a difficult year in 2009, profitability stabilised in the Nordic market. The new management is now realigning the unit strategically and operationally. However, operating profit still fell short of expectations despite higher revenue.

In the reporting period, the business units in the Energy Central Europe division delivered a comparable performance to the same period last year. The good performance in the North and South market regions enabled the division to compensate fully for the lower profits in the German market and Central European power generation.

The North region of the Central European market got off to a successful start in the new financial year, benefiting from higher margins in interregional wholesale business and local business in Poland, coupled with gains on hedges. The South region also enjoyed a satisfactory first half of 2010, posting good results mainly driven by satisfactory performance in Romanian sales business and successful optimisation in cross-border electricity business. Alpiq RomEnergie S.R.L., the Romanian sales company integrated in the second half of 2009, made a significant contribution to revenue and profit.

Feeling the effects of the difficult market environment, Market Germany was unable to repeat last year's success. The lower spark spreads had a negative impact on the margins from marketing energy generated at Spreetal. In addition, the profits expected from portfolio optimisation did not fully materialise.

Once again, the power stations in the Central European Power Generation unit achieved excellent availability levels. At the same time, lower market prices for electricity and higher costs of lignite fuel adversely affected the spreads and consequently narrowed the profit of the Czech power stations. However, this was largely offset by tight cost management, increased heat deliveries and optimisation of the fuel mix.

The operations of the Trading & Services division were driven by mixed trends in the first half of 2010. During the first quarter of the year, price volatility was high and futures prices dropped, presenting opportunities that were successfully exploited to generate spreads. The second quarter saw a rapid price rally in the futures markets and considerably lower market volatility, which reduced the opportunities and therefore constrained trading activities in the energy markets. Furthermore, the weak euro weighed on profit in the Trading & Services division.

Power Asset Trading turned in very good results for the first six months, fuelled by successful management of generation-related energy transactions. However, the proprietary trading results in the Multi Commodities & Fuel Management and Power Proprietary Trading units fell short of expectations because of the unfavourable market environment.

Growth projects

Through EnPlus, Alpiq is building a gas-fired combined cycle power station in San Severo, southern Italy, calling for total capital expenditure of around EUR 320 million. The station, with an installed capacity of 400 MW, is expected to go into commercial operation at the end of this year. Alpiq has a 60 % interest in the generation facility.

Construction of the French gas-fired combined cycle power station in Bayer near Lyon, with a capacity of 400 MW, is also proceeding as planned. With the first hydraulic and functional tests conducted successfully, the plant is currently scheduled to come online in the second quarter of 2011. Capital expenditure amounts to around EUR 300 million.

The Nant de Drance pumped storage power station, which will utilise the head between the two existing Emosson and Vieux Emosson reservoirs in an underground scheme, is going according to plan. Once the access roads have been completed, construction of the underground powerhouse and pressure shaft between the two reservoirs is scheduled to start in spring 2011. As there is a growing need for flexible capacity and peak energy, we are currently considering the possibility of increasing the capacity from 600 MW to 900 MW. A decision will be taken at the end of 2010. Co-venturers in this CHF 1.3 billion project are Alpiq (54 %), the Swiss Federal Railways (36 %) and FMV (10 %). The facility is expected to go into operation in stages, starting in 2015.

In Bulgaria, construction work on the 50 MW Vetrocom wind farm is progressing rapidly. Once the generation licence has been obtained and the high-voltage line is in operation, the facility is expected to start supplying electricity to the grid by the end of 2010. The wind farm, consisting of 20 turbines, is being built by Alpiq subsidiary Vetrocom at a site in Buzludja, north of Kazanlak. Capital expenditure totals close on EUR 80 million.

Energy Services segment

Market conditions

During the first half of 2010, market conditions for the Energy Services segment were generally more stable than a year ago. In Switzerland, building services enjoyed satisfactory demand overall, although prices were still under heavy pressure in urban centres and for large-scale projects. The markets for transport technology remained stable, underpinned by continuous capital spending by the Swiss public sector. In contrast, demand fell in the markets for industrial and power plant engineering in Germany and neighbouring countries, primarily due to uncertainty in licensing procedures and to projects postponed by customers in Germany. The expected recovery in the markets for energy supply technology only partially materialised. Capital spending by network operators is being dampened by the regulators' pressure on transmission charges, sales of networks and tedious licensing procedures.

Results of operations

The Energy Services segment generated revenue of approximately CHF 1 billion for the first half of the year, matching the year-ago period. The German Alpiq Anlagentechnik Group (AAT) grew revenue, while the Swiss Alpiq InTec Group (AIT) posted a slight decline in sales volume. As expected, the segment's consolidated operating profit (EBIT) was down from the same period last year, dropping by CHF 13 million to CHF 15 million due mainly to seasonal factors and in part to a deterioration in contract pricing quality. Much of the seasonal shortfall is expected to be offset in the second half of the year.

Performance of the units

In the first half of the year, the AIT Group generated revenue of CHF 370 million, slightly down from the year-ago figure. Nevertheless, the demand situation is encouraging, especially in Switzerland. The lower-priced projects acquired last year and the generally fierce price war led to margin erosion. The Building Services business enjoyed high order intake as construction activity in Switzerland remained strong, albeit at lower prices. aurax electro ag, an installation company with strong regional roots, was acquired to strengthen the market position in Graubünden. Performance in the Transport Technology (TT) business remained stable year on year.

The AAT Group's revenue was up 5.6 % from the year-ago level to EUR 413 million, an increase driven by general volume growth and execution of major projects acquired in previous years. Overall, the AAT Group's profit for the first half of 2010 is satisfactory. Having been resilient to the crisis, the Industrial and Power Plant Engineering business is now experiencing heightened competitive pressure, which is noticeably weighing on margins. Order intake still increased nonetheless, fuelled by the general economic recovery since the same period last year. The Energy Supply Technology business saw a partial rebound, leading to modestly better results than a year ago as capital spending on the distribution network picked up slightly.

Outlook

The developments seen so far in the general environment and, in particular, the conditions for the energy industry have shown that 2010 will indeed be a very challenging year. Given the current backdrop, it seems unlikely that we will be able to match the 2009 results.

We expect demand and prices in the Energy segment to stabilise and, in some areas, to pick up slightly, though maybe not yet sustainably and significantly. However, the effect of this rebound will be more than neutralised by the already higher fuel costs and weak euro. Volatility is still dampened by excess capacities, and no notable signs of improvement are apparent in the regulatory environment. The prolonged outage of the Leibstadt nuclear power station for the summer 2010 overhaul will also have an adverse impact. Furthermore, we do not anticipate any significant change in the performance of the stock markets, which will consequently continue to weigh on the valuation of the nuclear waste disposal funds. More projects in the Energy Services segment are expected to be deferred due to drawn-out political decision-making and uncertainty in licensing procedures. With competitive pressure remaining high, the segment's results will tend to stagnate in the medium term.

To sum up, the relevant market environment is not yet showing any signs of a sustainable trend reversal. This means that even though we have redoubled our efforts on the sales, trading and optimisation sides, coupled with consistent cost management, it will be virtually impossible for us to make up for the shortfall in results that is already apparent versus 2009. We still have our sights set on matching last year's figures but, as things look now, this will only be feasible if the next few months bring significant improvements in key profit drivers – in particular in the currently low spreads on gas- and coal-fired generation and the weak euro.

Consolidated Income Statement (condensed)

CHF million	H1 2009	H1 2010
Net revenue	**7,096**	**7,041**
Share of profit of associates	56	55
Other operating income	76	61
Total revenue and other income	**7,228**	**7,157**
Operating expenses before depreciation and amortisation	– 6,506	– 6,422
Profit before interest, tax, depreciation and amortisation (EBITDA)	**722**	**735**
Depreciation and amortisation	– 217	– 253
Profit before interest and tax (EBIT)	**505**	**482**
Net finance costs	– 61	– 97
Profit before income tax	**444**	**385**
Income tax expense	– 117	– 92
Group profit for the period	**327**	**293**
Attributable to minority interests	– 4	– 4
Attributable to equity holders of Alpiq Holding	**323**	**289**

Total shares issued (in thousands)	27,190	27,190
Weighted average number of shares outstanding (in thousands)	26,308	27,190
Earnings per share (CHF)	**12.28**	**10.63**

There are no circumstances that could have a dilutive effect on earnings per share.

Consolidated Statement of Comprehensive Income

CHF million	H1 2009	H1 2010
Group profit for the period	**327**	**293**
Cash flow hedges taken to equity	– 16	35
Income tax expense	3	– 11
Net of income tax	– 13	24
IAS 39 effects of share of changes in equity of associates	– 7	– 1
Income tax expense		
Net of income tax	– 7	– 1
Exchange differences on translation of foreign operations	99	– 394
Other comprehensive income for the period, net of income tax	**79**	**– 371**
Total comprehensive income for the period	**406**	**– 78**
Attributable to minority interests	– 6	5
Attributable to equity holders of Alpiq Holding	**400**	**– 73**

Consolidated Statement of Financial Position (condensed)

Assets

CHF million	31 Dec 2009	30 Jun 2010
Property, plant and equipment	5,732	5,631
Goodwill	681	661
Other intangible assets	1,904	1,768
Investments in associates	5,830	5,661
Other financial assets	78	89
Deferred income tax assets	77	85
Non-current assets	**14,302**	**13,895**
Cash and cash equivalents	1,364	1,128
Current asset investments	20	7
Term deposits	408	148
Derivative financial instruments	1,240	756
Other current assets	2,765	2,678
Current assets	**5,797**	**4,717**
Total assets	**20,099**	**18,612**

Equity and liabilities

CHF million	31 Dec 2009	30 Jun 2010
Equity attributable to equity holders of Alpiq Holding	7,720	7,410
Minority interests	210	200
Total equity	**7,930**	**7,610**
Long-term borrowings	5,124	4,909
Deferred income tax liabilities	1,725	1,731
Other non-current liabilities	941	791
Non-current liabilities	**7,790**	**7,431**
Short-term borrowings	395	446
Derivative financial instruments	1,344	756
Other current liabilities	2,640	2,369
Current liabilities	**4,379**	**3,571**
Total equity and liabilities	**20,099**	**18,612**

Consolidated Statement of Changes in Equity

CHF million	Share capital	Share premium	Unrealised gains and losses under IAS 39	Treasury shares	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of Alpiq Holding	Minority interests	Total equity
Equity at 31 December 2008	**218**	**1,268**	**– 8**	**– 45**	**– 179**	**2,430**	**3,684**	**146**	**3,830**
Profit for the period						323	323	4	327
Other comprehensive income			– 20		97		77	2	79
Total comprehensive income			**– 20**		**97**	**323**	**400**	**6**	**406**
Issue of share capital related to consideration paid to EOSH and EDFAI in January 2009	57	3,163					3,220	61	3,281
Revaluation of previous interest (50 %) in Emosson						368	368		368
Cancellation of 314,286 treasury shares [1]	– 3			45		– 42	0		0
Dividends						– 218	– 218	– 4	– 222
Equity at 30 June 2009	**272**	**4,431**	**– 28**	**0**	**– 82**	**2,861**	**7,454**	**209**	**7,663**
Equity at 31 December 2009	**272**	**4,431**	**– 9**	**0**	**– 178**	**3,204**	**7,720**	**210**	**7,930**
Profit for the period						289	289	4	293
Other comprehensive income			23		– 385		– 362	– 9	– 371
Total comprehensive income			**23**		**– 385**	**289**	**– 73**	**– 5**	**– 78**
Dividends						– 237	– 237	– 5	– 242
Equity at 30 June 2010	**272**	**4,431**	**14**	**0**	**– 563**	**3,256**	**7,410**	**200**	**7,610**

1 As resolved at the Extraordinary General Meeting on 27 January 2009.

Consolidated Statement of Cash Flows (condensed)

CHF million	H1 2009	H1 2010
Profit before interest and tax (EBIT)	**505**	**482**
Changes in working capital (excl. current financial assets / liabilities)	– 18	– 110
Other adjustments to reconcile to net cash flows from operating activities	– 57	– 197
Net cash flows from operating activities	**430**	**175**
Investing activities:		
Property, plant and equipment and intangible assets	– 262	– 217
Subsidiaries		
Acquisitions, net of cash acquired (note 3)	– 473	– 12
Associates		
Acquisitions	– 12	– 56
Proceeds from disposals		12
Other non-current financial assets		
Purchases	– 31	– 10
Proceeds from sale / repayments	6	1
Change in term deposits	106	258
Purchases / proceeds from sale of current asset investments	1	13
Net cash flows used in investing activities	**– 665**	**– 11**
Dividends paid	– 222	– 242
Proceeds from borrowings	1,859	87
Repayment of borrowings	– 1,113	– 211
Net cash flows from / (used in) financing activities	**524**	**– 366**
Effect of exchange rate changes	**5**	**– 34**
Change in cash and cash equivalents	**294**	**– 236**
Analysis:		
Cash and cash equivalents at 1 January	950	1,364
Cash and cash equivalents at 30 June	1,244	1,128
Change	**294**	**– 236**

Basis of Preparation and Interim Group Accounting Policies

The interim consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They have been prepared on a basis consistent with the Alpiq Group's accounting policies as set out in the Financial Report 2009 and should be read in conjunction with that report as the interim consolidated financial statements present an update to information previously published. The interim financial statements are unaudited.

The Alpiq Group has adopted the following International Financial Reporting Standards (IFRS) and IFRIC interpretations which became effective on 1 January 2010:

- IAS 27 amendments: Consolidated and Separate Financial Statements (1 July 2009)
- IAS 39 amendments: Eligible Hedge Items (1 July 2009)
- IFRS 2 amendments: Group Cash-settled Share-based Payment Transactions (1 January 2010)
- IFRS 3 rev.: Business Combinations (1 July 2009)
- IFRIC 17: Distributions of Non-cash Assets to Owners (1 July 2009)

In addition to the above changes, a number of other minor amendments to standards have also been approved and adopted as mandatory by the IASB and IFRIC. The majority of these amendments became effective from 1 January 2010.

The adoption of these new rules had no material impact on the results and financial position of the Alpiq Group.

Note 1: Foreign currency translation

The consolidated financial statements are presented in Swiss francs. The following exchange rates were used for currency translation:

Unit		Closing rate at 30 Jun 2009	Closing rate at 31 Dec 2009	Closing rate at 30 Jun 2010	Average rate for H1 2009	Average rate for H1 2010
1	USD	1.08	1.03	1.08	1.13	1.08
1	EUR	1.527	1.484	1.328	1.506	1.437
100	CZK	5.90	5.60	5.17	5.55	5.58
100	HUF	0.56	0.55	0.46	0.52	0.53
100	NOK	16.93	17.87	16.66	16.94	17.95
100	PLN	34.29	36.15	32.03	33.70	35.93
100	RON	36.28	35.02	30.40	35.59	34.65

Note 2: Segment information

As a result of the business combination between Atel, EOS and Emosson in 2009, Alpiq changed its internal organisational and reporting structure and introduced a new management reporting system (MIS) in the current financial year. In this connection, the Group's external segment reporting was reviewed and revised. Starting in 2010, its external segment reporting is now based on the Group's internal organisational and management structure and the internal financial information reported to the chief operating decision maker. This is consistent with the requirements of IFRS 8, the so-called "management approach".

The reportable segments under IFRS 8 consist of the Energy segment's four divisions and the Energy Services segment. The Executive Board evaluates each of these separately for the purpose of assessing performance and allocating resources. The CEO has ultimate responsibility. The key measure of performance used for internal management and assessment of the Alpiq Group is segment profit (EBIT). Operating costs comprise energy purchase and generation costs as well as all other operating costs, including employee benefits and services used. Amounts derived from management reporting require no adjustment for financial reporting as the same accounting policies are used for internal and external reporting. Prior year segment information has been restated for comparability.

- The Energy Switzerland division comprises power generation in power stations owned by the Group or operated by joint ventures as well as sales to end customers and sales partners in Switzerland. All transmission network activities are also included in this segment.

- The Energy Western Europe division includes energy generation, energy sales, trading and distribution in the Italian, French, Spanish and Nordic markets.

- The Energy Central Europe division combines energy generation and energy sales in Germany, Poland, the Czech Republic, Hungary and other East European countries.

- The Trading & Services division includes the Swiss and European trading activities in electricity, gas, other commodities and certificates.

The reconciliation of division profit to the Energy segment's profit is combined in "Energy segment other and consolidation". These include results of investments which cannot be directly allocated to the divisions (financial and non-strategic investments), consolidation adjustments and items of expense and income that cannot be influenced at division level. A list of the items is shown on page 23.

- The Energy Services segment consists of the operations of two corporate groups, Alpiq InTec (AIT) and Alpiq Anlagentechnik (AAT): the Swiss AIT Group is mainly focused on building services and transport technology in Switzerland and Italy, whereas the German AAT Group is primarily engaged in the core businesses of industrial and power plant engineering as well as energy supply and communications technology across much of Europe.

Segment profit is reconciled to the Alpiq Group's consolidated figures in "Group Corporate Centre, other and consolidation". This reconciliation includes the activities of the corporate headquarters as well as consolidation adjustments and eliminations.

2010: Information by operating segment

CHF million	Energy Switzerland division	Energy Western Europe division	Energy Central Europe division	Trading & Services division	Energy segment other and consolidation	Energy segment	Energy Services segment	Group Corporate Centre, other and consolidation	Alpiq Group
External revenue from energy sales / construction contracts	1,736	1,747	1,592	1,019	6	6,100	961	– 7	7,054
Revenue from trading in energy derivatives	1	– 27	3	13		– 10		– 3	– 13
– Proprietary trading				13		13			13
– Hedges	1	– 27	3			– 23		– 3	– 26
Total external net revenue	**1,737**	**1,720**	**1,595**	**1,032**	**6**	**6,090**	**961**	**– 10**	**7,041**
Inter-segment revenue	74	69	50	387	– 569	11	4	– 15	0
Total net revenue	**1,811**	**1,789**	**1,645**	**1,419**	**– 563**	**6,101**	**965**	**– 25**	**7,041**
Other income	34	3	2		– 7	32	18	11	61
Share of profit of associates	24	9			21	54		1	55
Total revenue and other income	**1,869**	**1,801**	**1,647**	**1,419**	**– 549**	**6,187**	**983**	**– 13**	**7,157**
Operating costs	– 1,473	– 1,696	– 1,513	– 1,373	599	– 5,456	– 947	– 19	– 6,422
EBITDA	**396**	**105**	**134**	**46**	**50**	**731**	**36**	**– 32**	**735**
Depreciation and amortisation	– 146	– 38	– 37			– 221	– 21	– 11	– 253
EBIT	**250**	**67**	**97**	**46**	**50**	**510**	**15**	**– 43**	**482**
Net assets [1]	7,953	1,600	1,182	450	905	12,090	525	360	12,975
Employees [2]	603	420	763	168		1,954	8,490	416	10,860

1 Non-current assets, current assets / current liabilities, excluding financial assets, securities and deferred income tax.
2 Average number of full-time equivalents.

2009: Information by operating segment

CHF million	Energy Switzerland division	Energy Western Europe division	Energy Central Europe division	Trading & Services division	Energy segment other and consolidation	Energy segment	Energy Services segment	Group Corporate Centre, other and consolidation	Alpiq Group
External revenue from energy sales / construction contracts	1,586	1,705	1,664	1,077	121	6,153	945	– 4	7,094
Revenue from trading in energy derivatives		8	– 60	54		2			2
– Proprietary trading				54		54			54
– Hedges		8	– 60			– 52			– 52
Total external net revenue	**1,586**	**1,713**	**1,604**	**1,131**	**121**	**6,155**	**945**	**– 4**	**7,096**
Inter-segment revenue	747	87	124	765	– 1,723	0	22	– 22	0
Total net revenue	**2,333**	**1,800**	**1,728**	**1,896**	**– 1,602**	**6,155**	**967**	**– 26**	**7,096**
Other income	7				42	49	18	9	76
Share of profit of associates	15	17			22	54		2	56
Total revenue and other income	**2,355**	**1,817**	**1,728**	**1,896**	**– 1,538**	**6,258**	**985**	**– 15**	**7,228**
Operating costs	– 1,992	– 1,693	– 1,598	– 1,808	1,552	– 5,539	– 936	– 31	– 6,506
EBITDA	**363**	**124**	**130**	**88**	**14**	**719**	**49**	**– 46**	**722**
Depreciation and amortisation	– 119	– 35	– 35			– 189	– 21	– 7	– 217
EBIT	**244**	**89**	**95**	**88**	**14**	**530**	**28**	**– 53**	**505**
Net assets [1]	7,654	1,259	1,143	259	948	11,263	521	1,112	12,896
Employees [2]	696	375	722	142		1,935	8,294	322	10,551

1 Non-current assets, current assets / current liabilities, excluding financial assets, securities and deferred income tax.
2 Average number of full-time equivalents.

A reconciliation of division operating profit (EBIT) to the Energy Segment comprises positive CHF 34 million (first half of 2009: positive CHF 55 million) from the reversal of provisions no longer required (primarily for contract risks), positive CHF 24 million (positive CHF 19 million) for the share of profit of non-strategic associates and negative CHF 8 million (negative CHF 24 million) for consolidation adjustments and items of expense and income not attributable to the period. In addition, a bad debt of negative CHF 36 million was included in the same period last year.

Note 3: Business combinations

- Energy Services segment:
  1 Apr 2010: 100 % of aurax electro ag, Ilanz/CH

The acquisition costs totalled CHF 5 million and have been allocated to assets and liabilities as follows:

		Energy Services segment
		Alpiq InTec
CHF million	IFRS carrying amount	Fair value
Intangible assets	1	1
Financial assets		
Deferred income tax assets		
Cash and cash equivalents	2	2
Other current assets	1	1
Current and non-current financial liabilities	– 1	– 1
Other current and non-current liabilities		
Deferred income tax liabilities		
Net assets acquired	**3**	**3**
Goodwill arising on acquisition		2
Net cash flow on acquisition:		
Cash and cash equivalents acquired with subsidiaries		2
Acquisition-related costs		– 5
Deferred consideration liabilities		
Net cash flow		**– 3**

An earn-out of CHF 9 million contingent on profit generated in 2009 was paid in the first half of 2010 for a business acquired in 2009. The payment had the effect of increasing goodwill. In addition, a final payment of CHF 11 million was made in respect of this acquisition. This amount was already included in the purchase price allocation in the 2009 financial year.

The goodwill acquired is attributable to synergies expected to arise from integration with existing operations and additional benefits from expansion into existing geographical markets and the development of new products. From the date of integration into the Alpiq Group, the business contributed CHF 2 million to revenue. If the acquisition had taken place on 1 January 2010, consolidated revenue would have been CHF 4 million higher. Had the business been included in the first half of 2009, the Group's revenue would have increased by CHF 4 million.

Disclosures for the previous year:
The cost of acquisitions in the first half of 2009 amounted to CHF 5,021 million, while the fair value of net assets acquired was CHF 4,636 million. This resulted in goodwill of CHF 385 million. The integrated companies contributed CHF 257 million in cash to the Group. The total net cash outflow was CHF 473 million.

If the acquisitions shown on page 3 had already taken place on 1 January 2009, revenue for the year-ago period would have been CHF 362 million higher and the Group's net profit would have been CHF 33 million higher.

Note 4: Business disposals

Total Energi ASA, Florø, a Norwegian energy supply utility wholly owned by Alpiq, was disposed of in January 2010. Total Energi ASA generated revenue of approximately CHF 13 million in 2009.

Note 5: Events after the reporting period

On 12 July 2010, Alpiq signed agreements with Gas Natural Fenosa, a Spanish energy utility, to acquire a 400 MW unit of the Plana del Vent gas-fired combined cycle power station for a purchase price of EUR 200 million. The purchase price includes rights to use another 400 MW unit for two years. Alpiq is expected to gain control in the first quarter of 2011.

Note 6: Contingent liabilities and guarantees

Total unrecognised guarantees to third parties decreased to CHF 1,865 million at the reporting date on 30 June 2010 (31 December 2009: CHF 1,903 million).

Organisation at 30 June 2010

General Management
Giovanni Leonardi[1]
CEO

Business Divisions

Energy Central Europe
Reinhold Frank[1]
- Market Central Europe North – Franz Scheiber
- Market Central Europe South – Peter Dworak
- Market Germany – Holger Clever
- Power Generation Central – Allan Walmsley[2]

Energy Western Europe
Antonio M. Taormina[1]
- Market Italy – Stefano Colombo
- Market Europe West – Jean-Philippe Rochon
- Market Nordic – Erik Saether
- Power Generation West – Renato Sturani

Energy Switzerland
Michael Wider[1]
Deputy CEO
- Market Switzerland – Kees van Hoek
- Thermal Power Generation – Peter Hirt
- Hydro Power Generation – Jörg Aeberhard
- Grid – Christian Brunner
- Optimisation – Pierre Guesry

Trading & Services
Peter Heydecker[1]
- Power Proprietary Trading – Martin Bloch
- Power Asset Trading – Thomas Ruckstuhl
- Multi Commodities & Fuel Management – Michel Kolly
- Origination & Environmental Markets – Ralph Baumann
- Middle Office & Operations – Frédéric Rivier

Energy Services
Herbert Niklaus[1]
- AIT – Peter Limacher
- AAT – Herbert Niklaus[1]

General Management
Business Division
Business Unit

1 Member of the Executive Board
2 Matthias Zwicky from 1 Jan 2011

Functional Divisions

Financial Services
Kurt Baumgartner[1]
CFO
- Corporate Accounting & Reporting – Michel Vögeli
- Corporate Planning & Controlling – Patrick Mariller
- Corporate Risk Management – Walter Hollenstein
- Corporate Treasury & Insurance – Lukas Oetiker
- Corporate Taxes – Giuseppe Giglio
- Corporate Settlement – Daniel Christen
- Corporate IT – Adalbert Gebhard

Business Development
Benoît Revaz[1]
- Strategy Development – Zoran Vila
- Mergers & Acquisitions – Michael Schuh
- Market Intelligence – Matthias Jung

Management Services
Heinz Saner[1]
- Corporate Human Resources – Judith Dali
- Corporate Communications – Martin Bahnmüller
- Corporate Legal – Peter Schib
- Corporate Public Affairs – Stefan Aeschimann
- Corporate Internal Audit – Werner Schmucki
- Secretary Board of Directors – Alain Moilliet

Functional Division
Functional Unit

1 Member of the Executive Board

Financial Summary 2005 – 2010

Alpiq Group

CHF million	Full year 2005	Full year 2006	Full year 2007	Full year 2008	Full year 2009	Half-year H1 2009	Half-year H1 2010
Net revenue	8,580	11,334	13,452	12,897	14,822	7,096	7,041
Profit before interest, tax, depreciation and amortisation (EBITDA)	730	1,041	1,253	1,281	1,545	722	735
As % of net revenue	8.5	9.2	9.3	9.9	10.4	10.2	10.4
Group profit for the period	401	873	778	733	676	327	293
As % of net revenue	4.7	7.7	5.8	5.7	4.6	4.6	4.2
Attributable to minority interests	– 173	– 369	– 315	– 10	– 10	– 4	– 4
Attributable to equity holders of Alpiq Holding	228	504	463	723	666	323	289
Net capital expenditure	299	229	591	1,050	1,186	772	282
Total equity	2,247	2,930	3,621	3,830	7,930	7,663	7,610
As % of total assets	30.3	32.5	38.6	36.2	39.5	39.1	40.9
Employees [1]	8,377	8,467	9,034	9,944	10,629	10,551	10,860

1 Average number of full-time equivalents.

Per share data [1]

CHF	Full year 2005	Full year 2006	Full year 2007	Full year 2008	Full year 2009	Half-year H1 2009	Half-year H1 2010
Par value [2]	20	20	20	10	10	10	10
Share price at 31 December/30 June	240	380	605	535	430	440	376
High	298	386	605	765	567	559	453
Low	191	235	371	376	328	328	366
Number of shares outstanding (in thousands)	12,650	12,006	12,326	21,261	26,749	26,308	27,190
Net profit	18	42	38	34	25	12	11
Dividend	3.20	4.80		10.00	8.70		
Reduction in par value			10.00				

1 All figures stated to reflect the share split in November 2007.
2 Par value reduced and returned to shareholders on 11 July 2008 as resolved at the 2008 Annual General Meeting.

2005 – 2008: figures of the former Atel Group excluding EOS and Emosson.

Financial Calendar

Early November 2010:
2010 third-quarter results

18 February 2011:
Release of 2010 annual results

8 March 2011:
Annual media conference

28 April 2011:
Annual General Meeting

Early May 2011:
2011 first-quarter results

19 August 2011:
Interim Report

Contacts

Investor Relations
Kurt Baumgartner, CFO
T +41 62 286 71 11
F +41 62 286 76 67
investors@alpiq.com

Corporate Communications
Martin Bahnmüller
T +41 62 286 71 11
F +41 62 286 76 69
info@alpiq.com

reports.alpiq.com

Published by

Alpiq Holding Ltd., www.alpiq.com

Printing: Dietschi AG, Olten

The Interim Report 2010 is published
in German, English and French.

Alpiq Holding Ltd.
Rue Pury 2
2001 Neuchâtel
Switzerland

www.alpiq.com